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SUBJECT: PUBLIC-PRIVATE PARTNERSHIPS ENHANCE DEVELOPMENT EFFORTS IN
MINDANAO

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¶1. Summary: USG agencies have been establishing partnerships between public and private organizations to maximize the reach of development programs in Mindanao. Such collaborations have proven very successful and serve as a means to enhance capital, creativity, and technical expertise. Public-private partnerships in Mindanao are designed to improve the economy and infrastructure, particularly in conflicted-affected areas, and address education, energy, health, micro-enterprise, agriculture, and trade development. End summary.

¶2. Mindanao, the southernmost region of the Philippines which is blessed with abundant natural resources but includes some of the poorest provinces in the country, presents great potential for private investment to support sustainable development. To encourage private sector investment, the USG is providing support to Mindanao through public-private partnerships. These partnerships are arrangements in which the USG and/or the Philippine government collaborate with the private sector on projects to achieve development goals. Such collaboration brings to the table private sector capital, creativity and technical expertise, enabling initiatives that may be otherwise be impossible given limited USG resources. The USG, Philippine government, and private sector organizations can pool resources and share risks and responsibility. An added benefit, of particular importance in Mindanao, is the encouragement of investment in the area as private sector involvement and comfort level increases.

Education Projects Benefit from Private Sector

¶3. Public-private partnerships in education in Mindanao are focused on two USAID-administered programs. The Computer Literacy and Internet Connection (CLIC) program is providing Mindanao schools with computer equipment, internet connections, and training. To date, partners' contributions have totaled over \$1 million, benefiting over 400,000 students and nearly 12,000 teachers. In 2004 USAID launched the Education Quality and Access for Learning and Livelihood Skills project to improve access to quality education and livelihood skills in Mindanao. From FY 2004 to 2006, USAID provided \$12.4 million to six private sector alliances led by international and domestic NGOs and local foundations. These institutions have brought an additional \$23.3 million to the project. In one case, an alliance that received a \$500,000 grant from USAID will have provided \$24 million in new supplementary educational materials and texts by the end of FY 2007.

Partnerships Enhance Health Initiatives

¶4. USAID currently partners with private firms to provide tuberculosis control and family planning services in Mindanao. In the past four years the Philippine Tuberculosis Initiatives for the Private Sector (PhilTIPS) project established 20 private TB clinics throughout the country, including Mindanao, with support from private businesses and the Philippine government. Initiated in 2004, USAID's Private Sector Mobilization for Family Health (PRISM) Project supports partnerships between the private sector and the Philippine government to improve maternal and child health and family planning in Mindanao and other urban centers. One such public-private partnership is between Bukidnon's provincial government and Unifrutti, a private company that is establishing an employee referral system for family planning services. To enhance market development, PRISM has awarded a grant to a private company to expand sales of contraceptives to public health facilities in Mindanao. PRISM is also working with private practice midwives in Mindanao to expand their practices and work with the public health sector. This improves the quality of public services and makes midwives' practices more profitable. This helps alleviate the stress on the healthcare system due to outflow of personnel.

Private Sector Finances Renewable Energy Systems

¶5. The USG is supporting the Alliance for Mindanao Off-Grid Renewable Energy (AMORE), a public-private partnership enabling remote Mindanao communities to install, operate, and maintain renewable energy systems. AMORE programs build community capacity to operate and maintain solar and micro-hydro systems, manage natural resources, and expand access to water and basic services. AMORE's public-private partnerships have proven quite successful, resulting in over 7,000 households in over 225 communities receiving electricity. Mirant Foundation, AMORE's principal private partner, has contributed over \$4 million in cash to procure solar energy systems. A second U.S. company, Sunpower, has contributed over \$500,000 to solar market development and school electrification.

Micro-enterprises Benefit from Private Sector Financing

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¶6. Small businesses comprise 91% of the businesses operating in the Philippines, and 40% of all households depend on income from micro-enterprises. Microfinance programs utilizing public-private partnerships are assisting local banks in providing loans to micro-enterprises so they can expand and enter the formal sector. Through the Micro-enterprise Access to Banking Services program, USAID, in conjunction with the Rural Bankers Association of the Philippines, is assisting privately-owned rural banks in providing loan and deposit services to micro-enterprises in Mindanao. Affiliated banks have provided loans to over 318,000 micro-enterprises in Mindanao. In partnership with the World Council of Credit Unions, USAID is supporting efforts to bolster small credit unions through the Credit Union Empowerment and Strengthening Philippines program. This program has increased access to credit on the part of the poor by helping restructure 40 credit cooperatives in Mindanao and teaching them to engage in strategic planning and focus on key indicators needed to maintain financial stability.

Private Companies Support Agricultural Initiatives

¶7. With funding from the U.S. Department of Agriculture (USDA), several U.S. NGOs are supporting agricultural development in Mindanao, promoting poverty alleviation. USDA has awarded a three-year, \$2.4 million Food for Progress award to Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (ACDI/VOCA), a private nonprofit organization working with local NGOs to help small farmers establish and expand cocoa production in Davao. ACDI/VOCA is partnering with the USG, Philippine government, and private sector to improve cocoa production through training, fermentation and drying centers, enhanced seedling production and international quality standards.

18. USDA also provides support for the Cold Chain Association of the Philippines, which provides education, training, and technical assistance to the Philippine food industry. Through this program, Philippine companies specializing in perishable foods are improving the importation, storage, handling and distribution of their products in order to meet new and evolving world food standards. In 2004, Catholic Relief Services received a three-year Food for Progress grant for \$3.3 million to improve existing production practices for high-value crops, develop product markets, and ensure basic infrastructure exists for agricultural production in the targeted communities in Mindanao through local NGO partners. In 2006, USDA approved a Food for Progress grant of \$4.0 million to Land O'Lakes Inc. to expand its dairy development and school milk feeding program to 3 new dairy zones, including one in Mindanao.

USG Partners with Mindanao Chambers

18. The U.S. and Foreign Commercial Service in Manila (FCS Manila) is working to expand Mindanao private business development and enhance U.S. trade links in Mindanao. To this end, FCS Manila has established Memoranda of Understanding (MOUs) with 16 Mindanao-based Chambers of Commerce to help partner U.S. companies with Mindanao-based firms. The MOUs are informal agreements to develop trade opportunities, share business contacts, and engage in joint business promotion activities. The USAID GEM Program also partially supports 15 Chambers of Commerce and other business support organizations in Mindanao.

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